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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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SUMMARY

Economic activity and the flow of income to consumers is being maintained at a very high rate with little indication of any weakening in the next few months. Industrial production continues to expand. Output of durable goods is up 13 percent over a year ago with passenger car assemblies around 45 percent above February 1951. Retail sales have held near record levels in recent months reflecting high consumer incomes and increased credit buying by consumers. Sales in January were up 9 percent from a year earlier reflecting a gain of one-fourth for the automotive group and general increases in most other retail stores.

Business investment intentions for the second quarter of 1953, indicate that capital expenditures for plant and equipment may be a little above current levels. Furthermore, Government outlays for national security are expected to rise somewhat more in coming months. These provide a strong underpinning for a continued high rate of activity over the next few months at least.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951	1952			1953	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production <u>1/</u>							
Total	1935-39=100:	220	222	234	235	237	p239
All manufactures	do.	229	232	245	247	250	p253
Durable goods	do.	273	284	304	314	317	p321
Nondurable goods	do.	194	190	197	193	196	p196
Minerals	do.	164	167	171	168	165	p160
Construction activity <u>1/</u> #							
Contracts, total	1947-49=100:	171	156	196	205	192	
Contracts, residential	do.	170	163	178	183	184	
Wholesale prices <u>2/</u> #							
All commodities	1947-49=100:	115	112	111	110	110	110
All commodities except farm and food	do.	116	114	113	113	113	113
Farm products	do.	113	108	104	99	100	98
Processed foods	do.	111	110	108	104	106	105
Prices received and paid by farmers <u>3/</u>							
Prices received, all products...	1910-14=100:	302	289	277	269	267	263
Prices paid, interest, taxes, and wage rates	do.	281	288	281	280	282	280
Parity ratio		107	100	99	96	95	94
Consumers' price <u>2/</u> <u>4/</u> #							
Total	1947-49=100:	111	112	114	114	114	
Food	do.	113	113	115	114	113	
Income							
Nonagricultural payments <u>5/</u> ...	Bill. dol.	233.6	243.4	255.7	258.8	259.0	
Production worker pay rolls <u>2/</u> #	1947-49=100:	129	131	145	150	p146	
Weekly earnings of production workers <u>2/</u>							
All manufacturing	Dollars	64.88	66.91	70.78	72.40	71.27	
Durable goods	do.	69.97	72.18	76.82	78.70	77.32	
Nondurable goods	do.	58.50	60.12	62.95	63.67	62.80	
Employment							
Total civilian <u>6/</u>	Millions	61.0	59.8	62.2	61.5	60.5	60.9
Nonagricultural <u>6/</u>	do.	54.0	53.7	55.5	55.8	55.1	55.6
Agricultural <u>6/</u>	do.	7.1	6.1	6.8	5.7	5.5	5.4
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating	dollars	4,945	6,275	4,997	6,320		
Outgo, cash operating	do.	4,836	5,328	5,558	7,364		
Net cash operating income or outgo	do.	+109	+947	-561	-1,044		

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series. p= Preliminary.

On the basis of farmers' intentions to plant as of March 1, acreage in spring planted crops in 1953 will be a little larger than last year. If these intentions are realized and growing conditions are average, supplies of farm products will again be relatively large.

Average prices at wholesale firmed up a little over the four-week period ending March 10. The increase reflected a pickup in prices of some industrial products, notably copper, as well as slightly higher prices for some processed foods and farm products. Central market prices for most of the grains, oil-bearing crops, and cotton increased over the month ending March 10. Reduced marketings contributed to higher wholesale prices for hogs, while prices of slaughter steers declined further in response to heavy marketings.

Commodity Highlights

Meat production so far this year has been about the same as a year ago as pork output dropped sharply and cattle slaughter increased. In response, hog prices have moved up since December while cattle prices have declined. Most of the price declines for dairy products since last fall have been due to unseasonably large output of milk. Since consumption of fluid whole milk apparently has changed little, increased production has shown up in sharply increased output of butter, cheese and nonfat dry milk solids. Egg prices so far this year are well above, and production currently is below a year earlier. Broiler prices have declined from the November level of 31.3 cents a pound and in early March averaged a cent or two below the 1952 average. Prices of edible vegetable oils in early March averaged higher than the month before, probably indicating some tightening in commercial supplies in relation to demand. Market prices of feed grains have advanced during the past month from the low points reached in early February, but remain below the levels reached earlier in the feeding season. Cash wheat prices strengthened after March 9, following declines in the preceding four months. The large quantities placed under the support programs are expected to have a further strengthening effect at least into May. Grower prices for most fresh fruits are expected to remain seasonally high in April and May, and probably to continue above these months of 1952. Fresh market supplies of commercial vegetables this spring are expected to be larger and prices lower than a year earlier. Prices for potatoes at country shipping points declined during January, February, and the first week in March, reflecting larger supplies than a year earlier. Cotton prices have gradually strengthened since mid-January. The January 1953 average 10 spot market price for Middling, 15/16 inch cotton was the lowest monthly average since April 1950. Prices of wool in foreign markets advanced slightly from early February to early March, but Boston quotations for both domestic and foreign wools in early March were generally unchanged from a year earlier. A firm domestic demand for most tobacco is expected in the year ahead, and exports of leaf tobacco during this calendar year are likely to be larger than the 1952 total, which was the smallest for any peacetime year since 1918.

PROSPECTIVE PLANTINGS FOR 1953

Farmers' intentions to plant as of March 1953 indicate that the total acreage of spring-planted crops would be a little larger than in 1952. Most of the increases were small except for relatively sharp gains for flax and sorghum grains. Actual plantings may be modified by farmers depending on weather conditions, price changes, labor supplies, financial conditions, the agricultural program, income prospects, and many other factors. However, if these intentions are realized and growing conditions are about average, supplies of farm products this year will again be relatively large.

Planting intentions for feed grains indicated a larger acreage than in 1952. Increased plantings for sorghums and oats, more than offset decreases in prospect for corn and barley. Acreage of food grains will be slightly smaller than in 1952. Winter wheat sown in the fall of 1952 was about a half million acres less than the large acreage of a year earlier. Intended acreage of spring wheat is about the same as in 1952. Larger acreage of oil-seed crops appears to be in prospect, with most of the gain due to the sharp increase indicated for flax. Potato acreage planned for 1953 is up 6 percent from last year with the major gain in the early potato states and in western late areas. A 10-percent increase was indicated for sweetpotatoes, but this acreage would still be relatively small.

Table 1.- Planted acreages of selected crops, average
1942-1951, 1952, and indicated 1953 ^{1/}

Crop	: Average : : 1942-51 :	1952	: Indicated : : 1953 :	1953 as pct. : of 1952
	: Thousands	Thousands	Thousands	Percent
Corn, all	88,024	82,658	81,764	98.9
All spring wheat	19,302	21,518	21,600	100.4
Durum	2,643	2,306	2,145	93.0
Other spring	16,659	19,212	19,455	101.3
Oats	43,953	42,975	43,777	101.9
Barley	13,487	9,385	9,357	99.7
Flaxseed	4,348	3,450	4,142	120.1
Rice	1,668	2,013	2,119	105.3
Sorghums for all purposes ...	14,883	12,455	14,666	117.8
Potatoes	2,318	1,417	1,509	106.5
Sweetpotatoes	591	334	367	109.7
Tobacco ^{2/}	1,678	1,776	1,659	93.5
Beans, dry edible	1,918	1,319	1,332	101.0
Peas, dry field	498	228	234	102.6
Soybeans ^{3/}	13,300	15,643	15,862	101.4
Peanuts ^{3/}	3,664	1,969	1,958	99.4
Hay ^{2/}	74,666	74,664	74,859	100.3
Sugar beets	829	720	801	111.2

^{1/} Indicated acreages of certain crops in 1953 based upon reports from farmers in all parts of the country on or about March 1 regarding their acreage plans for the 1952 season. ^{2/} Acreage harvested. ^{3/} Grown alone for all purposes.

GENERAL BUSINESS CONDITIONS

Economic activity in February was maintained near recent high levels. Industrial production rose further, continuing the record peacetime output of recent months. Preliminary estimates for February indicate that most of the gain over the month was due to increased output of durable goods, particularly automobiles. Construction activity in February was off less than usual from January and totaled about 5 percent above February 1952. Continued heavy demands on the economy by consumers, business, and the Government were accompanied by a high level of employment. Consumer incomes continue near the record rates of recent months. Retail sales in January--the last month reported--were off only a little more than usual from the record high of December.

Inventories of manufacturers and retailers at the end of January were larger than those of a year earlier and well above stocks after the prolonged steel strike of mid-1952. But ratios of stocks to sales this year are generally below a year ago. Business investment intentions indicate that purchases of capital goods may rise a little in the second quarter from current high rates. Government outlays for the National Security Program are expected to rise somewhat further in coming months.

Demand for Goods and Services

With high employment and rising wage rates, personal incomes continue near record levels. Consumer income payments rose slightly in January (the last month reported) to a level about 6.5 percent above a year earlier. Most of the gain over the year was in wages and salaries, but most groups except farm proprietors shared in the gain. Nonagricultural income payments rose more than 7 percent over the year.

Retail sales were at near-record levels in the four months ending with January. January sales were down less than 1 percent, after adjusting for seasonal differences, from the record high in December, but totaled 9 percent larger than last year. Sales by the automotive group rose 2 percent over the month and were 25 percent above a year earlier; furniture and appliances were up 5 percent from December and 9 percent from January 1952. Sales by the lumber, building and hardware group increased moderately.

Declines of 7 percent in general merchandise and apparel stores were largely responsible for the 3-percent decline in sales by nondurable goods stores during the month. Sales of most other groups showed small changes. However, compared with a year earlier sales of nondurables were up 5 percent with each group reporting gains. Sales by department stores in February were about 5 percent higher than last year, and after adjustment for seasonal factors were unchanged from January.

In addition to record incomes, consumer buying has been supported in recent months by increased use of credit. Consumer credit outstanding at the end of January totaled 23.7 billion dollars, 18 percent higher than

a year earlier. Total credit purchases fell off seasonally in January. A decline, largely seasonal, in charge accounts more than offset a further moderate rise in installment credit. In January of the past 3 years, installment credit has registered relatively large declines. With the rise in credit buying over the past year, consumer credit outstanding at the end of January was a somewhat larger percentage of disposable personal income. A substantial part of durable goods sold has been financed with credit. The volume of installment credit extended during January was equal to about 44 percent of total sales by durable goods stores.

Investment Expenditures at High Level

Plant and equipment expenditures by business for the first quarter are estimated at a record seasonally adjusted annual rate of 27.5 billion dollars. Plans for the second quarter indicate a rate about 2 percent higher than that for the first, according to a survey made during February by the Securities and Exchange Commission and the Department of Commerce. Outlays by public utilities, railroads, and manufacturers are scheduled to be higher, but those for the "commercial and other" group and other transportation are expected to be lower. In the important manufacturing category (estimates not adjusted for seasonal variation) moderate declines in capital outlays planned for primary metals, textiles, and some smaller industries only partly offset larger outlays in the chemical, petroleum, food, motor vehicle and machinery industries.

Construction outlays in February were the highest on record for that month, due largely to continued high activity in private commercial and residential construction. Construction outlays from November through February, were 6 percent above the same period in 1951-52. New housing starts in February were at a seasonally adjusted annual rate of 1.2 million, slightly higher than January. Actual starts totaled 77,000, about the same as a year ago.

Business invested in inventories at an annual rate of 8 billion dollars in the fourth quarter of 1952. Most of this rise was due to expansion of inventories of durable goods, particularly automobiles. Manufacturers' stocks in general were reported to be better balanced with production requirements than they had been in the previous quarter. In January 1953, stocks were higher than a year earlier, but the ratio of stocks to sales was lower.

The rapid increase in automobile dealers' stocks was accompanied by a substantial pick up in sales, so that stock-sales ratios in December and January were well below a year earlier. Retail stocks in general were lower in relation to sales in these two months than in the same months of the year before.

National security spending in the first two months of 1953, based on daily treasury expenditures, appears to have increased somewhat from the fourth quarter 1952 rate.

Output and Employment

The total output of goods and services by the economy rose sharply (nearly 5 percent) from the third to the last quarter of 1952 following settlement of the steel strike last July. Production of the Nation's factories and mines in February continued the gradual rise underway since November. Output was 239 percent of the 1935-39 average, according to the Federal Reserve Board's index, almost 8 percent above a year ago and near record wartime production rates. Production of major consumer durables in the early part of this year was up around 40 percent from a year ago but was well below record rates in the last half of 1950.

Most of the February rise in production occurred in durable manufactures as the assembly of passenger cars expanded further. Assemblies in February were at an annual rate of about 6.2 million units and weekly data for early March indicate a larger output for this month. Output of other consumer durables was also increased, and steel mills were operating near capacity levels in February and early March.

Production of nondurable goods was fairly steady but slightly above January. Cotton textile production apparently leveled off from the sharp rise last fall. Output of rubber products and chemicals increased slightly in the last few months. A decline in mining of bituminous coal was chiefly responsible for a 3-percent drop in production of minerals.

Manufacturers' sales and inventories in January totaled about the same as December after seasonal adjustment. New orders were down more than usual from December with the decrease for nondurables sharper than for durables. With new orders for the month in excess of deliveries, unfilled orders increased slightly. Order backlogs for durable goods continue at about six times monthly deliveries.

Employment Continues High

Employment in February totaled 60.9 million, up 400,000 from the month before and 1.2 million from a year earlier. Nonagricultural employment was a record for the month, 1.9 million above last year, and in the past four months has been at record levels after adjustment for seasonal variation. Unemployment over this period was stable at a low level, averaging less than 3 percent of the total labor force. Farm employment began a seasonal rise in February.

COMMODITY PRICES

Although domestic demand and economic activity are strong, production of goods and services has expanded rapidly enough in recent months to result in fairly stable prices for most nonagricultural commodities. Average wholesale prices for industrial products other than farm products and foods were up somewhat during the month ending March 10 and were about equal to a year earlier. Wholesale prices of processed foods increased 1 percent and farm product prices averaged slightly higher over the month.

Table 2.- Indexes of wholesale and basic commodity prices, selected commodities, March 10, 1953 with comparisons

(1947-49=100)

Group					
	March	Feb.	March	March 10, 1953	
	10,	10,	11,	percentage change from	
	1953	1953	1952	Feb. 10,	March 11,
				1953	1952
22 basic commodities					
All commodities	90.3	87.9	100.9	+2.7	-10.5
Foodstuffs	86.5	85.1	93.7	+1.6	- 7.7
Raw industrials	92.8	89.8	106.0	+3.3	-12.5
Livestock and products	62.0	60.2	68.2	+3.0	- 9.1
Metals	110.2	104.1	128.3	+5.9	-14.1
Textiles and fibers	90.0	90.2	97.0	-0.2	- 7.2
Fats and oils	59.9	56.1	64.0	+6.8	- 6.4
Wholesale prices					
All commodities	109.9	109.4	111.6	+ .5	- 1.5
Farm	99.1	98.9	107.0	+ .2	- 7.4
Food, processed	105.6	104.5	109.0	+1.1	- 3.1
All other than					
farm and food	113.1	112.7	113.1	+ .4	0

The index of prices for 22 basic commodities on March 10 was 90.3 percent of the 1947-49 average, up nearly 3 percent from February as most commodity group indexes were higher. Largest increases were in metals, which resulted primarily from a rise of more than 40 percent in the price of copper scrap following decontrol, and fats and oils, as prices of lard, cottonseed oil and tallow strengthened. A 3-percent gain was reported for raw industrial products and livestock and products. The 22-commodity index was down about a tenth from last year with declines in the various group indexes ranging between 7 and 14 percent.

Prices of Farm Products Firmer

Prices for most farm products at central markets showed moderate increases for mid-February to early March. Gains were registered for many of the grains, oil-bearing crops and cotton. Egg prices were higher over the month while prices of broilers declined moderately. Continued heavy marketings of cattle contributed to lower prices for slaughter steers and hog prices rose in response to smaller marketings.

Prices received by farmers in mid-February averaged 263 percent of the 1910-14 average, 1 1/2 percent below a month earlier. The parity index (the index of prices paid by farmers including interest, taxes and wage rates) declined nearly 1 percent to 280 (1910-14=100). As a result of the greater drop in prices received than in the parity index, the parity ratio declined to 94, the lowest since June 1941.

FARM INCOME

Cash receipts from farm marketings in the first 2 months of 1953 totaled 4.7 billion dollars, or slightly more than those in the corresponding period last year. An increase of about 11 percent in the volume of sales was nearly offset by lower average prices. Livestock receipts of 2.6 billion dollars were down 9 percent, largely because of lower prices, but crop receipts of 2.1 billion dollars were up 20 percent. Most of this increase was accounted for by larger marketings of wheat and corn, including quantities placed under CCC loan.

Cash receipts totaled 2.7 billion dollars in January, 4 percent above January 1952 and 2.0 billion in February, about the same as a year earlier.

LIVESTOCK AND MEAT

Meat production so far this year has been about the same as in the corresponding period in 1952. An increased output of beef and veal has been offset by the sharp drop in pork output. Unless cattle marketings increase more than now seems likely, meat supplies will continue about the same as a year earlier for the rest of 1953. Production of pork for the year is expected to total 12-15 percent below 1952. The greatest cut back in slaughter will likely appear this summer, but might extend into early fall. The 11 percent reduction in the 1952 fall pig crop was made largely in the last half of the farrowing season. Pigs farrowed at that time will be marketed beginning late spring. Later in the year slaughter pigs will come from spring farrowings for which a 13 percent decline from last year was indicated by intention reports as of December 1.

The smaller hog slaughter and larger cattle slaughter have brought related price adjustments. Hog prices have been moving up since last December while cattle prices have declined. Hog prices may show some seasonal weakness this spring but will probably rise as usual this summer when pork production is at its low point.

Price declines over the past year came at different times for the different kinds of cattle. The lower grades declined first and the higher grades later. The price adjustments, which began last May, have carried prices of each class of cattle to about one-third below prices a year ago. Some stabilizing of cattle prices the rest of this year may result from the reduced supply of pork.

DAIRY PRODUCTS

Most of the price decline for dairy products since last fall has been due to the unseasonably large output of milk. Production of milk during February 1953 (daily rate) was 8 percent greater than a year earlier and about the same annual rate as in December and January. As the pasture season moves northward, total milk flow will be more like that of a year earlier, and the seasonal increase this spring is likely to be less pronounced than usual. However, production for 1953 as a whole probably will be between 117 and 118 billion pounds compared with 115.1 billion in 1952.

Consumption of fluid whole milk apparently has been little different from a year earlier. The increased milk flow has shown up particularly in sharp increases over a year earlier in output of butter, cheddar cheese and nonfat dry milk solids, the three items purchased by the Department to support prices to farmers for milk and butterfat. Normally there is a heavy out-of-storage movement of butter and cheese in the winter but in the past few months butter production has been large enough to more than meet current consumer demand, and cheese stocks have declined less than usual. A substantial portion of recent purchases by USDA has been from stocks carried over from 1952. Lower buying prices will go into effect April 1.

As a result of price changes during the past 12 months, prices received by farmers for dairy products have become less unfavorable relative to prices for beef cattle but less favorable relative to hog prices and costs of dairy rations. Continued unfavorable relationships for dairymen would tend to limit the increase in output of milk, particularly in view of the fact that higher wages obtainable in nonfarm employment offer alternative opportunities for people from dairy farms.

EGGS AND POULTRY

Prices received by farmers for eggs in mid-February averaged 42.0 cents per dozen, 7.3 cents above a year earlier and the second highest for the month in 33 years. At principal wholesale markets egg prices rose during early March. With lower production egg prices in March were well above a year ago. The sharp rise in the egg-feed price ratio from last spring suggests more chickens may be raised this spring than the February intentions indicated. However, hatchings through February did not yet substantiate such an increase.

Poultry meat prices have drifted slightly lower in the last month or two. By mid-January the U. S. average of prices received by farmers for broilers had dropped 10 percent from the high level of 31.3 cents in November. The decline continued to mid-March but at a more gradual rate. In March they were a cent or two below the 1952 average. Turkey prices also are lower than at the close of 1952.

FATS, OILS AND OILSEEDS

Prices of edible vegetable oils in March averaged higher than the month before which probably indicates some tightening in commercial supplies in relation to demand. Production is past the seasonal peak and most of the stocks, which are at a record level, belong to CCC. As of March 1, CCC stocks of cottonseed oil totaled about 65 percent of total supplies of cottonseed and soybean oils. Since additional quantities (31 million pounds in the first half of the month) are being tendered during March, this percentage probably is rising. March 30 is the last day on which tenders may be made. The CCC selling price for domestic use is still somewhat above the current market level. Lard prices at wholesale have increased substantially since January, but are still relatively low compared with prices of edible vegetable oils. Some additional increase is expected in coming months as lard stocks are reduced. Prices of

domestic inedible fats and oils showed little change from last month. Coconut oil prices have advanced sharply in recent months reflecting sharply reduced supplies in the major producing areas.

Domestic disappearance of fats and oils so far this crop year has been somewhat higher than the year before, with increases in most products except butter. For the entire crop year, total disappearance is expected to be greater than in 1951-52 with about the same per capita consumption in food and some increase in nonfood use.

CORN AND OTHER FEED

Market prices of feed grains have advanced during the past month from the low points reached in early February, but remain below the levels reached earlier in the feeding season. The price of No. 3 Yellow corn at Chicago averaged \$1.56 per bushel in the week ended March 14, 6 cents higher than a month earlier, but about 30 cents per bushel below a year earlier. The average price received by farmers for corn continues somewhat below the national average support price of \$1.60 per bushel. Through mid-February, farmers had placed 229 million bushels of corn under loan and Government Purchase Agreement. This was near record for that period. Farmers in most areas have until the end of May to place their corn under price support.

Market receipts of corn in recent months have dropped off sharply from the record volume of last October and November, and since January have been below average. Stocks of corn at terminal markets have declined about 20 million bushels since last December, and in early March were somewhat smaller than a year earlier. Further reductions in commercial stocks, along with declining stocks of "free" corn on farms, would give strength to prices of corn and some other feeds during the next few months.

The Department of Agriculture announced on February 27 that 1953 crop corn will be supported at not less than \$1.58 per bushel. The support price will be raised if 90 percent of parity at the beginning of the 1953 marketing year is greater than \$1.53 per bushel.

Prices of wheat millfeeds and soybean meal have strengthened since early in February, while tannage, meat scraps, linseed meal, and alfalfa meal have declined. Prices of tannage and meat scraps are the lowest since World War II, and in recent weeks have been low in relation to prices of other high-protein feeds. Ample supplies of soybean meal, cottonseed meal, and linseed meal are now available at prices below the former ceilings. This contrasts with the situation a year ago when there was a shortage of these feeds at the ceiling prices.

WHEAT

Cash wheat prices have strengthened since March 9, after declining in the preceding 4 months. The large quantities placed under the support programs are expected to have a further strengthening effect at least into May. While weather in the growing areas influences prices at this time of the year, the major adjustment to new crop conditions usually occurs after early May.

As of February 15, 456 million bushels had been placed under the support programs. Redemptions totaled 16 million bushels as of March 5, leaving about 440 million bushels still under support. The large quantities under the programs indicate that deliveries to CCC after April 30 will be heavy. On March 5, CCC inventories acquired from crops prior to 1952 totaled 113 million bushels. It is expected that CCC holdings on that date will be large and supplies of "free" wheat will be small.

A winter wheat crop of 611 million bushels was indicated as of December 1. This was 42 percent below the 1952 crop and 24 below the 1941-50 average. The next estimate will be available April 10. Production of spring wheat will not be estimated until June 10.

FRUIT

Grower prices for most fresh fruits are expected to remain relatively high in April and May, and to continue above prices in April and probably also May of 1952. Some further increases seem probable, especially for fruit of preferred quality and sizes. Supplies of fresh citrus are generally lighter than at this time of 1952.

Although slightly more winter oranges and grapefruit remained in California and Arizona to be marketed after March 1, 1953 than a year earlier, remaining supplies in Florida were much smaller. The Florida crops are smaller than in 1951-52, and matured more rapidly than usual with favorable winter weather. Demand continues heavy for concentrating and canning. As a result, prices at packing plants and shipping points in Florida since the first of the year, especially for oranges, have been running considerably higher than a year earlier. Movement of Florida Valencia oranges became heavy in March and some further rise in prices for this variety is expected this spring. Prices of grapefruit also may increase, especially in late spring as supplies begin to decrease seasonally. Prices for California Naval oranges probably will advance somewhat this spring. According to estimates based on a national panel of consumers, purchases of frozen orange concentrates by household consumers in February 1953 set a new record of over 4 million gallons, a fourth more than in February 1952.

Movement of apples from cold storage during February was smaller than usual for that month, and at the end of the month stocks were about the same as a year earlier. Some further increase in grower prices seems probable for Eastern apples, of which remaining stocks are considerably under a year ago. But prices for the remaining larger stocks of Western apples probably will not change much. Auction prices for the remaining relatively small cold-storage holdings of pears, now mostly D'Anjous, are likely to continue somewhat higher than a year earlier.

The early spring crop of strawberries, which will be marketed chiefly in late March and April, is estimated at 708,000 crates of 24 quarts each. This is about 4 percent larger than the relatively small 1952 crop. Mid-spring acreage is estimated at 45,400 acres, about 28 percent smaller than in 1952.

Cold-storage stocks of frozen strawberries on February 28, 1953 were about 80 million pounds, 13 percent larger than a year earlier. Total holdings of frozen fruits and berries (excluding juices) amounted to about 230 million pounds, 14 percent smaller than on February 29, 1952. Packers' stocks of canned apples and applesauce combined were about 41 percent smaller on February 1, 1953 than a year earlier, and those of canned red, sour, pitted cherries were about 15 percent smaller. Data on packers' stocks of other deciduous fruits were not available.

COMMERCIAL VEGETABLES

For Fresh Market

If unusual weather does not suddenly reduce supplies as now indicated, fresh market supplies of commercial vegetables this spring will be about 10 percent larger than in the same period of 1952. Larger supplies mean lower prices to farmers this spring than a year earlier for the spring crops of broccoli, cauliflower, lettuce and onions for which production is indicated to be moderately to considerably larger this spring. Conversely, smaller prospective supplies and higher prices are indicated for carrots and shallots.

For Canning and Freezing

Processors' reports as of March 1 indicated they intend to plant a 4 percent larger acreage of green peas for canning and freezing in 1953 than in 1952. Such an acreage, with average yields and abandonment, would result in a crop about the same as in 1952. Of this intended 1953 acreage, about 27 percent is indicated for freezing, as against 73 percent for canning. This is a slightly higher proportion for freezing than in 1952.

POTATOES AND SWEETPOTATOES

Potato prices at country shipping points and terminal markets declined during January, February, and the first week in March this year, reflecting the larger stocks of merchantable potatoes on hand January 1 this year, and the much larger supplies of "new" potatoes available than a year earlier. January 1 stocks of 1952 crop potatoes in and near producing centers were nearly 20 million bushels, or 21 percent, larger this year than a year earlier.

Supplies of "new" potatoes have been substantially larger thus far this year than a year earlier. The winter commercial early crop of potatoes for harvest in the first quarter of 1953 was nearly 30 percent larger than the comparable crop a year earlier. Likewise, commercial early acreage for spring harvest is expected to be 17 percent, and for summer harvest, 18 percent larger than a year earlier.

Sweetpotato supplies in northern markets in January and February continued to be short and higher priced than ever before. No change in this situation can be expected before 1953 crop sweetpotatoes become available in volume sometime this summer.

COTTON

Prices of cotton at the 10 spot markets have firmed up in recent months following a steady decline which persisted from the beginning of the season until mid-January. On March 18, the average 10 spot market price

for Middling, 15/16 inch cotton was 33.30 cents per pound compared with 31.71 cents on January 12, the low point for the season to date. On August 4, 1952 the average price was 40.76 cents per pound.

The recent strengthening in prices reflected a continued high rate of entries into the CCC loan program and maintenance of a fairly high level of domestic mill consumption. These have progressively reduced "free" stocks of cotton (supply of ginned cotton minus disappearance, CCC stocks, and mill stocks). On February 1, 1953, "free" stocks of cotton were about a million bales larger than a year previous, whereas on December 1, 1952 they were over 2 million bales larger than on December 1, 1951.

Exports of cotton from the United States in the first half of the current season were about half of the quantity exported in the same period in the previous season. Prices of most foreign cotton are below the price of comparable qualities of American Upland. Since last summer, consumption in many importing countries has been higher than their imports and their stocks have been reduced materially. Unless importing countries plan to end the crop year with relatively small stocks, international trade in cotton will be larger during the last half of the 1952-53 season than during the first half.

The preliminary report of 1952 crop ginnings issued by the Bureau of the Census on March 20 indicated a crop of 14.9 million bales. Combining this figure with the starting carry-over and estimated imports gives a total supply of 17.9 million bales for the 1952-53 season compared with 17.4 for the 1951-52 season.

The 1952 crop has a larger proportion of the staple lengths 1 inch and shorter than for either the 1950 or 1951 crops. This has caused the price discounts for the shorter staple lengths and the premiums for the longer staple lengths to widen. On the other hand, the proportion of the 1952 crop which is Middling and higher in grade is larger than for the 2 preceding crops causing premiums for higher grades and discounts for lower grades to narrow.

On February 26, the minimum price support for 1953-crop upland cotton was announced at 30.8 cents per pound for Middling 7/8 inch cotton. Extra long staple cotton will be supported at a minimum average price of 73.92 cents per pound. Both prices apply to average location.

WOOL

Prices of wool in foreign markets advanced slightly from early February to early March. Advances at the Australian auctions ranged from 3 to 6 percent, depending largely upon grade and staple.

Boston quotations for both domestic and foreign wools in early March generally were unchanged from a month earlier. Australian 64's, 70's good top-making wool were quoted at \$1.70 - 1.75 per pound, clean basis (American yield), in bond, the same as a month earlier and compared with \$1.35 - 1.40 a year earlier. Graded greasy domestic territory good French combing and staple shorn wool was quoted nominally at \$1.70 - 1.75 per pound, clean basis, also the same as a month earlier but compared with \$1.55 - 1.65 a year earlier. Prices received by growers for shorn wool averaged 51.7 cents per pound, grease basis, at mid-February, compared with 51 cents in January and 55.2 cents in February 1952.

Mill consumption of apparel wool last year totaled 347 million pounds, scoured basis, compared with 382 million in 1951 and 437 million in 1950. The use of wool for military items probably accounted for less than one-tenth of total apparel wool usage in 1950 but probably accounted for about two-fifths of the total quantity used in 1951. Military use of wool in 1952, although substantial, was considerably less than in 1951 and accounted for a much smaller proportion of the total.

Mill use of carpet wool last year amounted to 116 million pounds, scoured basis, compared with 102 million in 1951 and 198 million in 1950. The lower level of the last two years reflects in part the increased use of rayon, cotton, and other materials in the manufacture of floor coverings.

Imports of dutiable (apparel) wool last year amounted to 249 million pounds, clean basis, compared with 272 million pounds in 1951 and 250 million pounds in 1950. Imports of duty-free (carpet) wool totaled 119 million pounds, compared with 89 million pounds in 1951 and 217 million pounds in 1950.

TOBACCO

A firm domestic demand for most tobacco is expected in the year ahead. Consumption of cigarettes, cigars, smoking tobacco, and snuff probably will be as large or larger than in 1952. Exports of leaf tobacco during this calendar year are likely to be larger than the 1952 total, of 395 million pounds (declared weight) which was 24 percent below 1951 and the smallest for any peacetime year since 1918. The decline from 1951 was due principally to the much smaller shipments to the United Kingdom. A substantial quantity of leaf tobacco now held in Government loan stocks under an option arrangement between United Kingdom buyers' and growers' cooperative associations is expected to move out this year.

Except for the Maryland crop, which probably will begin going to auctions in early May, practically all the 1952 crop of tobacco has been marketed. In general, season average prices for most types were a little lower than a year earlier, but this was largely due to more tobacco falling in the lower grades. Price averages for numerous grades of several types were as high or higher than in the 1951 season.

In the 7 months ending with January 1953 indicated tax-paid consumption of cigarettes was up nearly 4 percent from the same period a year earlier; cigars increased 3 percent, smoking and chewing tobacco combined decreased 5 percent, and snuff was down slightly.

The Puerto Rican tobacco crop planted in late 1952 for harvest during early 1953 is estimated at about 32 1/2 million pounds--almost one-sixth larger than a year earlier. The price support level for the crop is 33.1 cents per pound--slightly above a year ago.

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